



This 1 Company Provides a Sneaky Way to Play Growth in the Technology Sector!

Description

Investors looking to capitalize on long-term growth trends in sectors such as technology have their work cut out for them; after all, 2017 was a very profitable year for tech investors, and finding companies that could qualify as “deals” in this space, when comparing technology valuations to historical averages, can be difficult to do.

That said, one company that could ride on the coattails of the technology sector and climb to new all-time highs is **CGI Group Inc.** ([TSX:GIB.A](#))([NYSE:GIB](#)). The company is in the business of providing consulting solutions to large clients around the world, providing outsourcing, IT/technology system integration services and general support to companies working on various high-profile projects. With the competitive landscape of many industries now changing to one which demands seamless, fast, and efficient integration of new technology/IT solutions, companies like CGI stand out as potential long-term winners from a continuously changing innovative landscape.

While some continue to be [skeptical](#) of CGI’s growth profile, it is true that shares of CGI have increased more than 250% over the past five years, indicative of the increasing importance of consulting solutions to clients needing the technological expertise and know-how CGI provides. While this run-up in CGI’s share price may look impressive, the company has improved its fundamentals significantly in recent years, growing at a much faster rate than what has been priced in to the company’s stock price by the market.

CGI has taken on an acquisition-growth strategy, continuously adding new companies to its portfolio of consulting businesses, growing into a premier consulting firm with a market capitalization which has breached \$19 billion. While CGI’s share price took a small hit following its [Q4 earnings release](#), as noted by fellow Fool analyst Joseph Solitro, the company has reported it is revamping its project mix, focusing on increasing the percentage of high-margin contracts at the expense of low-margin contracts, which should lead to margin expansion in 2018, which I believe will be one of the key drivers of CGI’s stock price this year.

Bottom line

The transformation, which is only getting underway in the global competitive environment, is only likely to pick up speed in the years to come. Buying CGI with the expectation that margins will grow and the company will continue to pick away at bolt-on acquisitions in 2018 appears to be a safe bet.

With CGI experiencing significant organic growth via its existing operations and adding on to its order backlog via acquisitions, CGI's \$21 billion order backlog is one of the key reasons I like this company as a long-term play for investors. With growth only likely to pick up in 2018, I expect to see significant stock price appreciation with CGI this year.

Stay Foolish, my friends.

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Date

2025/07/05

Date Created

2018/01/02

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